

# INSTRUCTIONS FOR COMPLETING APARTMENT BUILDING INCOME AND EXPENSE REPORT

(Do not return these instructions with your report)

The following instructions are provided to aid you in filling out the Income and Expense Report form. The information provided on the report should be in accordance with the accounting methodology used to report federal income taxes. Expenses are to be reported only once; double reporting is prohibited. Please round amounts to the nearest dollar. If you have any questions, please call Mr. Anthony Daniels, Program Coordinator, at (202) 442-6794, or you may email him at [anthony.daniels@dc.gov](mailto:anthony.daniels@dc.gov).

## A. PROPERTY INFORMATION (Some of this information is pre-filled on the enclosed Income & Expense Report form)

- a. Enter the reporting period. The reporting period is typically January 1 through December 31 of the most recently completed calendar year.
- b. Enter the Square Suffix and Lot (if the property encompasses more than one SSL, list the main SSL here).
- c. Enter the Assessment Notice Number that was assigned to this property, as provided on the Assessment Notice and also provided in the letter entitled Notice of Income & Expense Filing Requirement that accompanied this I&E Form.
- d. Enter the Use Code, Neighborhood Code, and Building Class.
- e. List the Apartment Name.
- f. List the Premise Address.
- g. List the additional SSLs that comprise an economic unit with the main SSL for filing purposes (these additional SSLs do not separately report).
- h. Provide the Owner's name and address.

### CERTIFICATION

*The Income & Expense Report must be signed by the owner or an officially authorized representative. Please type the name and title of the person certifying the Report, the name and phone number of the person to contact regarding any questions about the information within the Report, and the property owner's federal tax ID number.*

- i. Take note of the certification information. Your signature certifies, under penalty of law, that the information provided is true, correct and complete to the best of your knowledge and belief. Making a false statement is punishable by criminal penalties. Please reference DC Code §§ 22-2405 and 47-44106.
- j. You must sign the form or else it is incomplete.
- k. Identify the property management company, if any, and provide contact information.

## B. SUMMARY OF RENT SCHEDULES

- a. Please provide the number of residential units and average monthly market rent for each listed category.
- b. Provide information for retail, office and/or other commercial units.
- c. Indicate whether the property participates in HUD or other low-income programs. If yes, provide the type of program, the amount of annual tax credits, and the percentage of units participating.
- d. List utilities paid by tenants.
- e. Be sure to attach a copy of your year-end **Rent Roll** along with the Income and Expense Report form. We realize that there are different apartment management software packages and that each software package has different formats for printing rent rolls. The **Rent Roll** may be in any industry-standard format or your own format; however, it should include all units and for each unit the following information must be provided: unit number; floor location; unit type (be sure to differentiate all different unit types); unit size (in square feet); number of bedrooms and baths; dens or similar rooms not counted as bedrooms must be indicated (number of bedrooms/dens/baths do not need to be in distinct columns if already indicated by the unit type); occupancy status; actual rent (contract rent); rent subsidies (if any); other fees (parking, pet fees, etc.); and, any utilities or other expense items that are paid by the tenants (if all tenants pay the same utilities or other expense items then indicating these tenant-paid items in the list of utilities paid by tenants -- on page 2 of the Income and Expense Report form -- is sufficient and these same items do not need to be included for each individual unit on the rent roll). Waivers may be requested for any industry-standard format rent rolls (or otherwise acceptable format rent rolls) that are missing some of the items specified above.

### C. VACANCY AND COLLECTION LOSS

1. Provide income loss due to vacancy.
2. Provide income loss due to collection.
3. Provide income loss due to concessions.
4. Provide income loss due to employees' quarters (if applicable).

### D. ANNUAL INCOME

1. List the actual total rental revenue received on all occupied units in the 12-month period (the reporting period) at their contract rent.
2. List the actual income received on all leased Retail/Commercial spaces in the 12-month period (the reporting period) at their contract rent.
3. Please provide actual (miscellaneous) income received in the 12-month period (the reporting period) for parking, etc.
4. List the actual income received in the 12-month period (the reporting period) for storage.
5. List the actual utility reimbursements received in the 12-month period (the reporting period).
6. Please provide any HUD interest subsidy reimbursement for the 12-month period (the reporting period).
7. List the other income received in the 12-month period (the reporting period) and specify what it represents.
8. Provide the total amount of income collected (**sum of lines 1 through 7**).

### E. EXPENSES

These are annual expenses necessary to maintain the production of income from operation of the property. Do not include under any expense category items such as ground rent, mortgage interest or amortization, personal property tax, depreciation, income taxes, or capital expenditures: these are not operating expenses. Capital expenditures include investments in remodeling or replacements, which materially add to the value of the property or appreciably prolong its life. **Capital expenditures are requested under Capital Improvements Section (lines 31 & 32).**

9. Amount paid to a management company or self for operating the building. This should be the management expenses only. No management expenses may be reported under administrative or payroll.
10. Administrative expenses should include: advertising; office supplies; and, liability insurance. List any furniture rental costs (for models, offices, tenants, etc.); please detail each and submit separate sheet.
11. Payroll expenses. Itemized list is required, if applicable. If reporting security payroll with payroll under this section please do not double report. Do not report management expenses under payroll section - please see the management expenses section, line 9.
12. Professional fees should include accounting and legal fees.
13. Expenses for providing corporate suites.

### F. UTILITIES

This utility section applies to the utility expenses associated with operating and maintaining the property. This may include the heating and cooling of common area such as hallways, foyers, office space for management, etc. Utilities services as they pertain to HVAC are excluded if associated with tenants who are responsible for paying their own utilities.

14. Water & sewer services for the reporting period ending December 31.
15. Electricity service for the reporting period ending December 31. This should be electric service to maintain the common areas (hallways, elevators, foyer, entry ways), office etc.
16. Specify the primary heating fuel (oil, gas, etc.) used for heating the common areas or office area. If more than one type of fuel is used, indicate the type and cost. Do not include an amount for electric if it is listed above on line 15.

## G. REPAIRS MAINTENANCE AND CONTRACT SERVICES

17. Payroll expenses for maintenance staff and expenses for maintenance supplies.
18. Maintenance and repair expenses associated with all mechanical systems of the property. These include heating, ventilation, air-conditioning, plumbing, electrical. Do not include capital Improvements/Expenditure items.
19. Roof repairs. Include repairs and routine maintenance expenses to roof. Do not enter the cost to replace entire roof. Roof replacement is a capital expense, and it properly included in Capital Improvements/Expenditure section of lines 31 & 32.
20. Elevator expenses. Include any cost of maintenance (parts, labor) to maintain or repair. Also include any contracts services if they exist.
21. Pool expenses. Include any cost of maintenance (parts, labor) to maintain or repair. Also include any contracts services if they exist.
22. Redecorating Costs (carpet, paint, drywall repair etc.). This could also include repairs to exterior of the property not covered elsewhere. These costs should be cosmetic items only. Do not include capital expenditures, or any short lived items being replaced through replacement reserves. A detailed list is required to be submitted or uploaded; please reference you're reporting to line 25 Redecorating Cost.
23. Janitorial/Cleaning. Include supplies & payroll pertaining to janitorial and cleaning services. Also include any contract service expenses if they exist.
24. Landscaping and Ground Services. Include any landscaping cost, snow removal, lawn care, parking lot maintenance, etc. Also include any contract service costs if applicable.
25. Trash Expenses. Include any expenses with onsite dumpsters, trash chutes, or trash removal. Include any contract service expenses if applicable.
26. Security Expenses. Include expenses associated with security guard payroll and electrical or computer systems associated with security. Include the maintenance expense of the security electrical and computer systems. Do not include security payroll under this section if reporting above under payroll.
27. Other maintenance contract services etc. not covered above. A detailed list must be attached or submitted for consideration as an expense item.

## H. FIXED EXPENSES

Fixed expenses incurred by the property should contain fire/casualty insurance and miscellaneous taxes (excluding Real Estate Taxes).

28. Identify fire/casualty insurance expenses relevant to the reporting period only (year ending December 31). Some insurance policies are multi-year contracts. Please include only one year's cost.
29. Specify any miscellaneous taxes (ex. payroll taxes, BID taxes, vault rents, etc.), but do not include Real Estate Taxes. Though Real Estate Taxes are considered a fixed expense, OTR uses a loaded tax rate to compensate for Real Estate Taxes.

*Total fixed expenses should equal the sum of lines 28 & 29 under the Fixed Expenses section.*

## I. REPLACEMENT RESERVES

Replacement reserves, provides for the periodic replacement of building components that wear out more rapidly than the building itself and must be replaced during the building economic life.

Replacement reserves **unlike** Capital Improvements/Expenditures are part of the annual expenses of operation. These expenses **do not** enhance annual net operating income or economic life, but preserve and maintain the property and onsite improvements. Examples of Replacement Reserves include: roof covering; carpeting; kitchen bath and laundry equipment; and, HVAC compressors.

30. Please list reserves on hand and interest income earned for the calendar year ending December 31<sup>st</sup>. Please specify the reserve amount per unit if applicable.

## **J. CAPITAL IMPROVEMENTS**

Capital Improvements/Expenditures **do not** recur annually, therefore they should not be included within the annual expenses of operation. Although Capital Improvements/Expenditures may enhance the value of the property by increasing the annual net operating income or economic life of the property, the Capital Improvements/Expenditures are not a periodic operating expense. Please report, in detail, any capital improvements or renovations incurred to the property during the current reporting period ending December 31. Also list and detail any anticipated capital improvements in the future.

When reporting anticipated future improvements, an itemized list with annual plan is required. If this is a multi-year plan, the years in question must be itemized and reported. Please attach associated documents if needed.

31. Report expenditures for capital improvements that were incurred in the twelve months of the reporting period.

32. Report the cost of all future anticipated capital improvement expenditures (itemized list required).

## **K. ANNUAL GROUND RENT**

Complete if the property is subject to a land lease (ground lease). A copy of the land lease must be provided to be considered.

33. List the annual ground rent.

34. List the inception date of the land lease (ground lease).

35. List the ending date of the land lease (ground lease).

## **L. MORTGAGE/SALES/MANAGEMENT INFORMATION**

1. Indicate if there is a mortgage on the property.

If yes, please provide the requested information pertaining to the mortgage.

2. Sales information. If a transfer of ownership (full or partial) has occurred in the last 3 years, detail the most recent transfer. List the date of transfer and the purchase amount (purchase price). List the percent of ownership that changed and state whether it is fractional or complete.

3. Indicate when the most recent appraisal was done for the property. Indicate the appraised value and the firm/individual that performed the appraisal.

Mail your completed form to:

Real Property Tax Administration  
Attention: Income & Expense  
P.O. Box 71440  
Washington, DC 20024